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MARVIN KALB, moderator

Guests: Secretary of State George Shultz; Lars-Eric Nelson of the New York Daily News; Karen DeYoung of the Washington Post; Hedrick Smith of the New York Times; and Bill Monroe with NBC News.

DEYOUNG: Mr. Secretary, there seems to have been a change in our policy toward Nicaragua over the past year. We used to talk about how our principal concern was the spread of revolution in Central America. Now the president says that he thinks that any peaceful solution there will be difficult with the current Sandinista government in place. Ambassador Kirkpatrick says that we need to prove that revolutions are reversible. Assuming we can stop Nicaraguan interference in El Salvador, can we live with a Marxist government in Nicaragua? SHULTZ: Well, the question is whether the people of Nicaragua can, and I think the evidence is increasing discontent in that country. We don't seek to overthrow that government. On the other hand, if they conduct themselves in such a way that people rise up against them, that's a problem that can occur in any country. Our chief concern is that they not be able to, as they say, export revolution without frontiers.

DEYOUNG: Well, and if there doesn't seem to be a rising up in the country that's fighting on the border, and there's some evidence to suggest that the support for the Sandinistas has, in fact, grown stronger inside the country since the problems began on the border, do you really see an insurrection coming now? SHULTZ: Well, I'm not predicting that, and we're not trying to bring that about. I'm just, was responding to the speculations in your question. There has been a great deal of unease in religious circles about developments there. Certainly, I would imagine that there's concern in press circles. There's concern about the censorship that goes on. And in many other ways I think that the situation is quite questionable.

DEYOUNG: Do you think there is a possibility that we can coexist with a Marxist Nicaragua? Assuming that our concern about regional export of revolution can be (inaudible, both talking simultaneously.) SHULTZ: There is a sense in which one of the attributes of Marxism is its desire to subvert and overthrow other governments. That's one of the less attractive aspects of that ideology. And so there's always that threat. But from the standpoint of our policy, the fundamentals of it are to seek a broadly based, pluralistic, Democratic form of government where people have a chance to express themselves in these countries and to seek economic development that's widely shared. And under those circumstances I think the surrounding Democratic countries will have real strength.

KALB: Mr. Nelson?

NELSON: Sir, there's a force in the field in Nicaragua, on the Honduran border, of 10,000 people under arms called the Contras. Publicly we deny that we're supporting them, but in fact it's an open secret that we do support them. What's to become of them if there's a negotiated settlement in Nicaragua? SHULTZ: Well, if there is the kind of negotiated settlement that we're trying to bring about in El Salvador — namely, a process of Democratic reform in which all comers have a chance to state their case to the people and stand before them in an election — then the people will have a chance to do that.

NELSON: But some of these people under arms — and there are arms as far as I can tell from the press — have a stated goal of overthrowing the Managua government. Will we support them in that goal, or will we try to disarm them? Will we try to withdraw their support? SHULTZ: Well, I think their goal, (clears throat), excuse me, their goal is one that, given our opinion of that government, we can hardly turn away from. But as far as ourselves trying to overthrow another government, we're not trying to.

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NELSON: Do you see any possibility that their goals will automatically, somehow, become our goal and they will find themselves in a jam and call on U.S. arms support? SHULTZ: I don't foresee any armed U.S. effort to overthrow the government of Nicaragua. Absolutely none.

NELSON: Not to overthrow the government of Nicaragua, nor to save the skins of these freedom fighters, as the president has called them? SHULTZ: Well, if they seek to leave someplace and want asylum or something like that, well, then they come here. I might say that one of the problems that's being created by this effort to stir up insurgencies and export revolution without frontiers is the actual presence now and the great threat of a tremendous refugee movement from that area. And while there is no case of the coming into power of a Soviet-style system that's actually benefitted the people of that country, there are many cases in which it has produced a flood of refugees in various parts of the world. So we have to bear that in mind. KALE: Mr. Secretary, a lot of people in the administration say that what the U.S. is really trying to do is make certain that the Nicaraguan Marxist regime does not get consolidated in the same way that the Castro regime got consolidated in Cuba, the implication, therefore, that somehow or other you can't have long-term stability in Central America, from the U.S. point of view, if there is a Sandinista regime in power? Does that (inaudible)? Does that make sense in diplomatic terms? SHULTZ: Well, let me just "deflect a little bit and say this whole mess-started with the Sandinists revolution, which was supported out of the OAS based on undertakings of what that revolution sought, including Democratic reforms. Those expectations and undertakings have been grossly violated, and at the same time Nicaragua has become a place from which armaments have gone to neighboring countries, El Salvador in particular, to attempt to overthrow that government. And our initial efforts to work with the Sandinista regime were basically turned aside, and now we find this effort to overthrow other countries. And we are trying to interdict that flow of arms and to distract that government, and in other ways to prevent them from doing the thing that they want to do. And they mean to export this revolution.

KALD: Does it follow then that you really can't have the kind of tranquility that the United States would like to see in Central America so long as that government pursuing these policies continues in office. SHULTZ: As long as there is a government trying to overthrow other governments in its region, it presents a real problem, particularly when they're being armed through the Soviet Union and trying to bring about the overthrow of other governments. It certainly constitutes a major problem...

KALB: Mr. Monroe?

SHULTZ: ...I'd like to say that in the kinds of things talked about in regional negotiations are such matters as verifiable undertakings not to ship arms from one country to another in the region. Now if it's verifiable, that's the kind of thing you need.

MONROE: The House of Representatives voted 228 to 195 to cut off U.S. covert aid to the rebels fighting Nicaragua out of Honduran bases. I take it from your answers here, so far, that the administration intends to ignore that expression of sentiment from the House? SHULTZ: Well, you don't ignore it. It's a very important thing when the House or the Senate votes on an important subject. So I certainly don't ignore it. The vote as such doesn't have any immediate operational meaning in terms of the legislation. Legislation, as you know, has to pass both Houses of Congress and be

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signed into law in order to take effect. It registers an opinion, in effect, of the House, and, of course, we take it very seriously.

MONROE: If the Congress should later cut off funds for those rebels, forbid the U.S. to spend funds through the CIA for those rebels, would that be an end to U.S. involvement and support for those rebels? SHULTZ: We'll have to see what happens. And I think there is a great deal of sentiment emerging in the Congress and also in the American people, generally, that Central America is very important to us. What's going on down there is important. And that we have to see to it, particularly by virtue of supporting those who want to fight for their country and their principles, we have to see to it that they're able to do so. So we haven't by any means accepted the House's verdict as the final verdict.

MONROE: I'm talking about the possibility of the whole Congress cutting off funds, which would be, which would have a legal effect, an opinion of the entire Congress. Would you see any way in which the administration could encourage those rebels to help them in any way to pursue their war against Nicaragua if the whole Congress cut off funds? SHULTZ: I'm trying to answer your question by saying that we're going to work hard to see that that doesn't happen.

KALB: Mr. Smith?

SMITH: Mr. Secretary, two years ago the administration stepped up the relatively modest aid the United States was giving at that point to El Salvador. Now we have large military exercises going on. We're building bases in Honduras. We've got fleets off the coast of Nicaragua on both sides. There's talk that the CIA wants to step up aid to the rebels in Nicaragua. How much involvement is it going to take? What is the time frame you're talking about here that the American people and Congress are going to support? Two years? Five years? Ten years? SHULTZ: In terms of time frame. I think the effort in Central America, not so much, necessarily, the military effort, but our effort in Central America should be seen as a long-term one. Because the basic problems are social and economic problems, and that's what we have to address, and that's what we're trying to address. The existence of the guerrilla activity makes it difficult for economic development to take place, and that's obviously one of the main reasons why you want to stop it. So yes, we have to have an approach, but long-term. I hope that the strength that is evident down there will lead people to see that it's in everyone's interest to have a negotiated solution and to get on with the process of economic development, but it remains to be seen whether that will come to pass.